

**AGENDA ITEM BRIEFING**

**Submitted by:** Billy Hamilton, Deputy Chancellor and Chief Financial Officer  
The Texas A&M University System

**Subject:** Approval to Amend the FY 2023-FY 2027 Texas A&M University System Capital Plan to Increase the Project Planning Amount for the Texas A&M - Fort Worth Law & Education Building Project and Appropriate Funds for Pre-Construction Services for The Texas A&M University System with an FY 2023 Start Date (Project No. 01-3359)

**Background and Prior Actions:**

The Texas A&M - Fort Worth Law & Education Building Project was included as a proposed project on the FY 2023 – FY 2027 A&M System Capital Plan approved by the Board at the May 2022 meeting with a planning amount of \$85,000,000 as the Ft. Worth Law & Education Alliance Building.

**Proposed Board Action:**

- (1) Amend the approved FY 2023 – FY 2027 Texas A&M University System Capital Plan to increase the project planning amount for the Texas A&M - Fort Worth Law & Education Building Project for The Texas A&M University System (A&M System) with an FY 2023 start date and a total planning amount of \$150,000,000.
- (2) Appropriate \$6,500,000 for pre-construction services and related project costs. \$8,500,000 has been previously appropriated to this project.

**Funding/Planning Amount:**

<u>Funding Source</u>	<u>Planning Amount</u>	<u>Proposed Adjustment</u>	<u>Proposed Planning Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	\$85,000,000	\$40,000,000	\$125,000,000	\$3,817,638	Available University Fund
Revenue Financing System Debt Proceeds	\$0	\$10,000,000	\$10,000,000	\$694,955	Space Use Fees
Revenue Financing System Debt Proceeds	<u>\$0</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>	\$1,891,231	Gifts
<b>Total Project Cost</b>	<u><b>\$85,000,000</b></u>	<u><b>\$65,000,000</b></u>	<u><b>\$150,000,000</b></u>		

**Change Justification:**

Based upon the completed Program of Requirements, approximately 225,000 gross square feet has been identified for the new Law & Education Building. Added funding beyond the \$85,000,000 will allow additional scope of work to be completed. Therefore, in order to complete this scope of work, an additional \$65,000,000 is requested to be added to the previous funds allocated for the project.

**Project Justification:**

The Fort Worth Law & Education Building Project is slated to be the first phase of a multi-phase development on the southeast side of downtown Fort Worth. The proposed development will bring together multiple members of the A&M System in a new model of higher education, creating an environment for multidisciplinary interaction between academic programs, innovative research, state agencies, and private sector partners.

The School of Law was acquired by Texas A&M University in 2013 and is currently housed in the former Southwestern Bell call switching facility that was converted for office use. The school also uses lease space in a building elsewhere in downtown to accommodate its need for additional space. The School of Law continues to rise in ranking and has doubled its student enrollment since 2019; consequently, there is a need to provide a state-of-the art educational environment while accommodating enrollment growth expectations.

The construction of a new urban campus, which includes the School of Law, offers opportunity for cross collaboration at many levels. The Law & Education Building Project will bring both law students and students from other disciplines together in one facility, creating the potential for faculty and students to work in a multidisciplinary environment to address complex real-world problems. The completion of the Research & Innovation Building with Phase 2 of the project will further enhance opportunities for synergistic collaboration by co-locating industry partners with A&M System members conducting research in similar fields of study.

The shared vision of this new urban campus is to create a hub for collaboration between key Fort Worth industries and top research, education and workforce training assets of the A&M System. The shared goal is to spur business and job growth in one of the nation's fastest growing cities and throughout North Texas.

The expansion of the School of Law and the provision of additional space for other educational programs aligns with the stated goals of Building a Talent Strong Texas and the 60x30TX Plan of the Texas Higher Education Coordinating Board (THECB). The Fort Worth Law & Education Building Project allows the A&M System to continue the degree production increases of recent years and to increase student success, through the combined expertise and resources of multi-disciplinary stakeholders.

**Scope:**

The Fort Worth Law & Education Building Project is Phase 1 of a Multi-Phase Project for the development of the Texas A&M University Campus in downtown Fort Worth, Texas.

The current proposed campus is composed of four city blocks in a “t” shape, housing three phased buildings. The current Texas A&M School of Law occupies one of the blocks and is proposed to be demolished and provide the site for the new Phase 3 Gateway Building. Phase 1 is the Fort Worth Law & Education Building, which is planned for the southernmost block of the campus, while the Phase 2 Fort Worth Research and Innovation Building will be located on the northern blocks of the campus.

The new Research and Innovation Building will facilitate a range of initiatives involving the A&M System’s network of universities and agencies. Emergency response communication, medical technologies, advanced manufacturing, nutrition, biotechnology, medical laboratory science and law - among others, will all be collocated on the campus. The building will be operated as an A&M System campus and can adapt and serve other A&M System members as appropriate.

Specifically, the Fort Worth Law & Education Building Project will be a 225,000 GSF building that will support several Texas A&M University programs, including the School of Law, the College of Engineering, the Mays Business School, and the Health Science Center. Tarleton State University will also offer programs in health sciences.

The building is currently estimated at nine floors. The anticipated space program is delineated by the programs listed below but also includes shared components to better utilize larger instructional spaces across the disciplines. These programs are further identified by space and location in the program section of this Program of Requirements (POR). They will be confirmed during the early design stage as the scope and budget are refined.

The Texas A&M School of Law will be the academic anchor for the new urban campus. It will occupy about 50% of the Fort Worth Law & Education Building Project and provide the first phase of its planned expansion. The remaining development of the School of Law will temporarily be housed in the Fort Worth Research and Innovation Building and eventually permanently in the Phase 3 Gateway Building. The program for the School of Law was developed separately from this program by the firm Facility Programming & Consulting, but the POR has been included as a joint program with the remaining programs noted below.

The Texas A&M University Health Science Center and Tarleton State University Nursing programs will utilize shared space for educational programs. Tarleton State University will also have independent programs in the health sciences and biotechnology fields.

The Mays Business School will have access to office and classroom space to provide a flexible instructional experience. The College of Engineering is planning to expand their program by offering multiple degrees in various laboratory set-ups. The initial program in the Fort Worth Law & Education Building Project will facilitate an introductory instructional approach, while some

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advanced labs will be developed and included in the Fort Worth Research and Innovation Building and shared with other research program entities.

As the project progresses, flexible shell space may be identified within the program as a way to accommodate newly established and evolving programs.

**Other Major Fiscal Impacts:**

None.

**Strategic Plan Imperative(s) this Item Advances:**

The Texas A&M - Fort Worth Law & Education Building Project supports Strategic Plan Imperatives 1, 4 and 5.

*1) All qualified students will find a place in the A&M System and will have an array of pathways to pursue their ambitions and interests.*

*4) The A&M System will increase its prominence by building a robust and targeted research portfolio. We will continue to encourage cross-institution and cross-discipline collaboration, and we will support our member institutions in their research pursuits, including obtaining emerging research status.*

*5) The A&M System will provide services that respond to the needs of the people of Texas and contribute to the strength of the state's economy.*

The Fort Worth Law & Education Building Project will be a multi-disciplinary building facilitating instruction and research across multiple programs. These programs represent various professional sectors, including law, nursing, business, and engineering. Although each program will have its own specific approach and support for their program, there will be numerous opportunities for shared experiences throughout the building and campus. Almost 50% of the assignable program is dedicated to specialty instructional and research labs for each program to enhance the learning and discovery process. Further, the location in downtown Fort Worth will encourage a stronger relationship between systemwide faculty, staff, and students and industries and professionals in Fort Worth and throughout the Metroplex.

**THE TEXAS A&M UNIVERSITY SYSTEM  
FACILITIES PLANNING AND CONSTRUCTION**  
Office of the Deputy Chancellor and Chief Financial Officer  
January 30, 2023

Members, Board of Regents  
The Texas A&M University System

Subject: Approval to Amend the FY 2023-FY 2027 Texas A&M University System Capital Plan to Increase the Project Planning Amount for the Texas A&M - Fort Worth Law & Education Building Project and Appropriate Funds for Pre-Construction Services for The Texas A&M University System with an FY 2023 Start Date (Project No. 01-3359)

I recommend adoption of the following minute order:

**“The request to amend the FY 2023 – FY 2027 Texas A&M University System Capital Plan to increase the project planning amount for the Texas A&M - Fort Worth Law & Education Building project for The Texas A&M University System with an FY 2023 start date and a total planning amount of \$150,000,000 is approved.**

**The amount of \$6,500,000 is appropriated from Account No. 01-084243, Permanent University Fund Debt Proceeds (AUF), for pre-construction services and related project costs.**

**The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).**

**As required by Section 5(a) of the Master Resolution of the Revenue Financing System, the Board hereby determines that it will have sufficient funds to meet the financial obligations of The Texas A&M University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that**

**the Participants, on whose behalf the debt is issued, possess the financial capacity to satisfy their Direct Obligations.”**

Respectfully submitted,

**[ORIGINAL SIGNED BY]**

Billy Hamilton  
Deputy Chancellor and  
Chief Financial Officer

**Approval Recommended:**

**[ORIGINAL SIGNED BY]**

John Sharp  
Chancellor

**Approved for Legal Sufficiency:**

**[ORIGINAL SIGNED BY]**

Ray Bonilla  
General Counsel

**[ORIGINAL SIGNED BY]**

Phillip Ray  
Vice Chancellor for Business Affairs

**[ORIGINAL SIGNED BY]**

Kimberly McCuiston  
Associate Vice Chancellor & Director  
Texas A&M – Fort Worth



## Texas A&M - Fort Worth Law & Education Building

The Texas A&M University System

Project No. 01-3359

**TEXAS A&M UNIVERSITY SYSTEM  
PERMANENT UNIVERSITY FUND  
Texas A&M - Fort Worth Law & Education Building  
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	126,235,000.00			
YEAR 1	122,415,000.00	3,820,000.00	6,311,750.00	10,131,750.00
YEAR 2	118,405,000.00	4,010,000.00	6,120,750.00	10,130,750.00
YEAR 3	114,195,000.00	4,210,000.00	5,920,250.00	10,130,250.00
YEAR 4	109,775,000.00	4,420,000.00	5,709,750.00	10,129,750.00
YEAR 5	105,135,000.00	4,640,000.00	5,488,750.00	10,128,750.00
YEAR 6	100,265,000.00	4,870,000.00	5,256,750.00	10,126,750.00
YEAR 7	95,150,000.00	5,115,000.00	5,013,250.00	10,128,250.00
YEAR 8	89,780,000.00	5,370,000.00	4,757,500.00	10,127,500.00
YEAR 9	84,140,000.00	5,640,000.00	4,489,000.00	10,129,000.00
YEAR 10	78,220,000.00	5,920,000.00	4,207,000.00	10,127,000.00
YEAR 11	72,000,000.00	6,220,000.00	3,911,000.00	10,131,000.00
YEAR 12	65,470,000.00	6,530,000.00	3,600,000.00	10,130,000.00
YEAR 13	58,615,000.00	6,855,000.00	3,273,500.00	10,128,500.00
YEAR 14	51,415,000.00	7,200,000.00	2,930,750.00	10,130,750.00
YEAR 15	43,855,000.00	7,560,000.00	2,570,750.00	10,130,750.00
YEAR 16	35,920,000.00	7,935,000.00	2,192,750.00	10,127,750.00
YEAR 17	27,585,000.00	8,335,000.00	1,796,000.00	10,131,000.00
YEAR 18	18,835,000.00	8,750,000.00	1,379,250.00	10,129,250.00
YEAR 19	9,645,000.00	9,190,000.00	941,750.00	10,131,750.00
YEAR 20	-	9,645,000.00	482,250.00	10,127,250.00
		<u>\$ 126,235,000.00</u>	<u>\$ 76,352,750.00</u>	<u>\$ 202,587,750.00</u>

Estimated Issuance Costs and Rounding of \$1,235,000.00 are included in this schedule.  
Long-term rates are assumed to be 5.00%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 01/11/2023

**Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.**



**TEXAS A&M UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
Texas A&M - Fort Worth Law & Education Building  
Space Use Fees**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	10,100,000.00				
YEAR 1	9,960,000.00	140,000.00	555,500.00	695,500.00	799,825.00
YEAR 2	9,815,000.00	145,000.00	547,800.00	692,800.00	796,720.00
YEAR 3	9,660,000.00	155,000.00	539,825.00	694,825.00	799,048.75
YEAR 4	9,495,000.00	165,000.00	531,300.00	696,300.00	800,745.00
YEAR 5	9,320,000.00	175,000.00	522,225.00	697,225.00	801,808.75
YEAR 6	9,140,000.00	180,000.00	512,600.00	692,600.00	796,490.00
YEAR 7	8,950,000.00	190,000.00	502,700.00	692,700.00	796,605.00
YEAR 8	8,745,000.00	205,000.00	492,250.00	697,250.00	801,837.50
YEAR 9	8,530,000.00	215,000.00	480,975.00	695,975.00	800,371.25
YEAR 10	8,305,000.00	225,000.00	469,150.00	694,150.00	798,272.50
YEAR 11	8,065,000.00	240,000.00	456,775.00	696,775.00	801,291.25
YEAR 12	7,815,000.00	250,000.00	443,575.00	693,575.00	797,611.25
YEAR 13	7,550,000.00	265,000.00	429,825.00	694,825.00	799,048.75
YEAR 14	7,270,000.00	280,000.00	415,250.00	695,250.00	799,537.50
YEAR 15	6,975,000.00	295,000.00	399,850.00	694,850.00	799,077.50
YEAR 16	6,665,000.00	310,000.00	383,625.00	693,625.00	797,668.75
YEAR 17	6,335,000.00	330,000.00	366,575.00	696,575.00	801,061.25
YEAR 18	5,990,000.00	345,000.00	348,425.00	693,425.00	797,438.75
YEAR 19	5,625,000.00	365,000.00	329,450.00	694,450.00	798,617.50
YEAR 20	5,240,000.00	385,000.00	309,375.00	694,375.00	798,531.25
YEAR 21	4,835,000.00	405,000.00	288,200.00	693,200.00	797,180.00
YEAR 22	4,405,000.00	430,000.00	265,925.00	695,925.00	800,313.75
YEAR 23	3,950,000.00	455,000.00	242,275.00	697,275.00	801,866.25
YEAR 24	3,470,000.00	480,000.00	217,250.00	697,250.00	801,837.50
YEAR 25	2,965,000.00	505,000.00	190,850.00	695,850.00	800,227.50
YEAR 26	2,435,000.00	530,000.00	163,075.00	693,075.00	797,036.25
YEAR 27	1,875,000.00	560,000.00	133,925.00	693,925.00	798,013.75
YEAR 28	1,285,000.00	590,000.00	103,125.00	693,125.00	797,093.75
YEAR 29	660,000.00	625,000.00	70,675.00	695,675.00	800,026.25
YEAR 30	-	660,000.00	36,300.00	696,300.00	800,745.00
		<u>\$ 10,100,000.00</u>	<u>\$ 10,748,650.00</u>	<u>\$ 20,848,650.00</u>	<u>\$ 23,975,947.50</u>

Estimated Issuance Costs and Rounding of \$100,000.00 are included in this schedule.  
Long-term rates are assumed to be 5.50%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 01/11/2023

**Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.**

**TEXAS A&M UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
Texas A&M - Fort Worth Law & Education Building  
Gifts**

<b>Dates</b>	<b>Outstanding Principal</b>	<b>Principal Amount</b>	<b>Interest Amount</b>	<b>Annual Total</b>	<b>Coverage 1.15x</b>
BONDS	15,150,000.00				
YEAR 1	13,905,000.00	1,245,000.00	643,875.00	1,888,875.00	2,172,206.25
YEAR 2	12,605,000.00	1,300,000.00	590,962.50	1,890,962.50	2,174,606.88
YEAR 3	11,250,000.00	1,355,000.00	535,712.50	1,890,712.50	2,174,319.38
YEAR 4	9,835,000.00	1,415,000.00	478,125.00	1,893,125.00	2,177,093.75
YEAR 5	8,360,000.00	1,475,000.00	417,987.50	1,892,987.50	2,176,935.63
YEAR 6	6,825,000.00	1,535,000.00	355,300.00	1,890,300.00	2,173,845.00
YEAR 7	5,225,000.00	1,600,000.00	290,062.50	1,890,062.50	2,173,571.88
YEAR 8	3,555,000.00	1,670,000.00	222,062.50	1,892,062.50	2,175,871.88
YEAR 9	1,815,000.00	1,740,000.00	151,087.50	1,891,087.50	2,174,750.63
YEAR 10	-	1,815,000.00	77,137.50	1,892,137.50	2,175,958.13
		<u>\$ 15,150,000.00</u>	<u>\$ 3,762,312.50</u>	<u>\$ 18,912,312.50</u>	<u>\$ 21,749,159.41</u>

Estimated Issuance Costs and Rounding of \$150,000.00 are included in this schedule.  
Long-term rates are assumed to be 4.25%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 01/11/2023

**Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.**